

The Financial Times of Indiana

Balanced budget news from the Office of Governor Frank O'Bannon

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The News in brief...

Budget crunch may harm environmental protection

Indiana's natural resources – water, air and land – are among its greatest assets. Protecting them means protecting human health, but that protection has a cost.

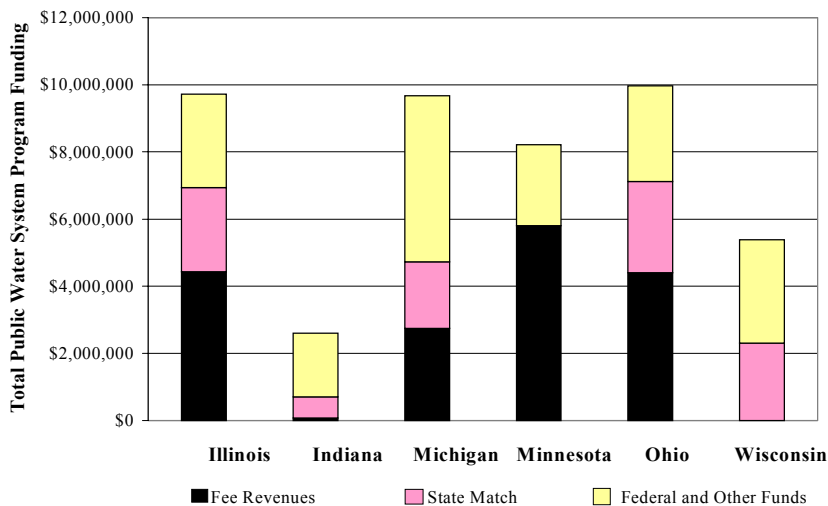
Governor Frank O'Bannon wants those who engage in practices that could impact our environment to bear some of the cost of protecting it. To accomplish that, he asked the Legislature to increase existing environmental permit fees by 30 percent. As amended, House Bill 1004 now establishes a 20 percent increase in wastewater and waste fees that were established in 1994. The bill as amended also reduces the proposed amount of revenue that would be used to support environmental regulation, but does still increase the level of payment now received.

The amended bill also enables the state to start the process of setting fees for public water supply systems and stormwater permits. This is critical to supplying safe drinking water to millions of Hoosiers. The Indiana Department of Environmental Management (IDEM) does not currently have appropriate staff and resources to implement federal requirements of the Safe Drinking Water Act. Indiana currently collects far less revenue than most of its neighboring states to do this work.

Similarly, the federal government is now requiring over 170 municipalities to develop comprehensive stormwater management programs to protect our waterways from pollution in runoff from urban areas. Additional funding of IDEM will be needed to allow the state to work with municipalities to set up and effectively implement the stormwater programs.

Governor O'Bannon is encouraged that – despite the changes to HB 1004 – the legislation is being considered by the Senate. He will continue to encourage lawmakers to increase funding for environmental regulations as he works to balance the budget and protect homeowners from unfair property tax increases. Hoosiers concerned about these issues are encouraged to contact their legislators and ask for their support.

Indiana and our Neighboring States' Drinking Water Program Revenues (Indiana is not overspending)



	IL	IN	MI	MN	OH*	WI
Fee Revenues	\$4,435,000	\$76,500	\$2,750,000	\$5,800,000	\$4,400,000	\$0
State Match	\$2,500,000	\$629,767	\$1,972,900	\$0	\$2,715,000	\$2,300,000
Federal and Other Funds	\$2,786,600	\$1,889,300	\$4,949,500	\$2,410,200	\$2,854,200	\$3,085,900
Total:	\$9,721,600	\$2,595,567	\$9,672,400	\$8,210,200	\$9,969,200	\$5,385,900

*Ohio figures based on '97 & '98 info., while other state figures are based on current estimates

Source: Indiana Department of Environmental Management (IDEM)

What Hoosiers Get For Their Tax Money

- ◆ **IDEM emergency responders** from the Office of Land Quality deal with about 2,000 oil and hazardous material spills a year.
- ◆ The Office of Air Quality issues permits and evaluates compliance for at least 1,300 facilities a year.
- ◆ **Office of Water Quality upholds standards** for 4,500 public water supply systems and over 2000 wastewater treatment facilities.

Environmental Permit Programs also:

- ◆ Process and Issue Operating Permits to all facilities
- ◆ Process and Issue Permits for New Facilities and Modifications
- ◆ Conduct compliance inspections of all facilities
- ◆ Review compliance information generated by all facilities
- ◆ Educate public and facilities on aspects of rule and permit requirements
- ◆ Pursue enforcement where warranted
- ◆ Provide legal support to permit programs as needed

Indiana is not alone in facing a budget crisis

The Environmental Council of the States (ECOS) conducted a survey and received information from 42 of the 50 states regarding environmental agency budget reductions during the current fiscal year and for the upcoming fiscal year. In nearly every case, budget cuts are being required because of lower-than-expected tax revenues caused by a slowdown in the economy.

A total of \$41,226,000 is being cut from the current fiscal year across the states surveyed. The average cut in these states was nearly \$1.4 million. The average cut was 6.2% from the general fund budget. Operating budgets took the worst hits. States reported that their operating budgets absorbed about 77% of the cuts on average, with the rest of the cuts usually going to trust fund programs. Many states reported that 100% of the cuts were from the operating budget.

ECOS also investigated the upcoming fiscal year. **Twenty-three States reported that they expect to take cuts** amounting to just under \$50 million. Several other states said that cuts might be coming but that it was too soon to tell. Some of the cuts are continuations of those imposed this year, while others are in addition to current cuts.

Source: The Environmental Council of the States

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